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Tuesday, October 31, 1916

Speaking of bread lines, in this the richest and most splendidly isolated slice of the whole world, there is no excuse for them in war time, peace time, after time or any time, tariff high or tariff low, save one—and that is unintelligence. We wait to find out "what is happening as fast as it happens and then deal with the facts as they arise," as if that were the only thing we could do. For the rest consult the annals of Shadow Lawn.

The odds on Mr. Hughes recovered, and there was reported from the floor of the Stock Exchange "a better feeling about the election," but it is doubtful if these matters had as much to do with the strength of the stock market wherein it was strong or the weakness of it wherein it was weak as the clairvoyant bulletins issued half-hourly on the earnings of the United States Steel Corporation for the September quarter, which were to be published after 3 o'clock, and it is doubtful if they had any influence whatever upon the sum of speculative conduct.

There is an idea that the election ought to be a stock market factor. An election always was. But there is almost no evidence of people having been moved by the political contest or by any forecast of the result either to buy or sell securities. Among professional traders who act on impulse and afterward invent reasons for what they have done there has been much talk of politics having caused prices to rise and fall, but there is perhaps not one who would know how in the stock market to "put down a bet" on either Hughes or Wilson. That is to say, it is improbable that stocks have been bought for a rise on the election of one or sold for a fall on the election of the other. Speculation has been governed by other considerations. Lately it has been governed largely by the feeling of what Wall Street calls the technical condition of the stock market. If a market has been over-bought by weak speculators it is said to be technically weak, and then big professional operators are continually looking for a pretext on which to attack it. The sinking of the Marina, in which there is at least the suggestion of a renewal of the submarine difficulty between the United States and Germany, would have been pretext enough for attacking a market that had become technically weak. Therefore, what is described as the stock market's indifference to this event has been to speculators a significant fact, of more account and susceptible of more profitable development than any political fact they know of.

For ten days or a fortnight Wall Street has been pessimistic about the earnings of the United States Steel Corporation for the September quarter. They were published after the close of the market, and turned out to be \$85,817,167. After sinking funds, interest charges and preferred dividends, the remainder of profit is at the rate of 50 per cent a year on the common shares. Fancy its being possible to say that a showing of such profits was a disappointment to speculators or fell below their wistful expectations? Imagine, if you can, what process of thought leads one to buy a stock at 120 on the expectation that a quarter's earnings will be at the rate of 60 per cent a year, and then to sell it at 117 on the discovery that they will be only 50 per cent! An extra dividend of 1 per cent was declared out of the quarter's profits. That is \$5,625,000 in money. The difference between the high and low prices for Steel common during the day's trading was \$2.25 per share, which on 5,000,000 shares is \$11,250,000.

## Money and Credit

Money on call at the New York Stock Exchange was slightly firmer yesterday, with a ruling rate of 2 1/2 per cent, compared with 2 1/4 the day before.

Conditions in the market for time funds on brokers' Stock Exchange collateral are practically the same as they have been for the last week. The tone continues easy and trading is dull. Rates for industrial money are 3 1/2 per cent for sixty days, 3 1/4 to 3 1/2 per cent for ninety days, four, five and six months. Mixed money is quoted 3 per cent for sixty days, 3 1/4 per cent for ninety days and four months, 3 1/2 to 3 3/4 per cent for five and six months.

Ruling rates on money yesterday,

compared with a year ago, were as follows:

Call money	Yesterday	A year ago
Time money	2 1/2%	1 3/4%
60 days	3%	2 1/2%
90 days	3 1/4%	2 3/4%
4 months	3 1/4%	2 3/4%
6 to 6 mos.	3 1/4%	2 3/4%

Commercial Paper.—Sales continue light in volume, principally owing to the small supply of offerings. Rates are unchanged at 3 1/4 to 3 1/2 per cent for prime regular maturities. Now and then there is a sale of particularly attractive names at 3 1/4 per cent to an institution which desires it for some special reason.

Official rates of discount at each of the twelve Federal districts are as follows:

	Maturity in days	10d.	30d.	60d.	90d.
Boston	3	3 1/2	4	4	4
New York	3	4	4	4	4
Philadelphia	3 1/2	4	4	4	4
Cleveland	3 1/2	4	4	4	4
Richmond	4	4	4	4	4
Atlanta	4	4	4	4	4
Chicago	3 1/2	4	4	4	4
St. Louis	3	4	4	4	4
Minneapolis	4	4	4	4	4
Kansas City	4 1/2	4	4	4	4
Dallas	3 1/2	4	4	4	4
San Francisco	3	3 1/2	4	4	4

\*15-day paper.

Bank Exchanges.—The day's clearings at New York and other cities:

	Exchanges	Balances
New York	\$730,817,795	\$29,649,960
Baltimore	7,751,259	933,903
Boston	44,889,304	5,100,786
Chicago	79,323,008	5,130,490
Philadelphia	48,134,540	4,185,475
St. Louis	18,097,443	1,756,226

Sub-Treasury.—New York banks gained from the Sub-Treasury \$2,723,000.

Silver.—Bars in London, 82 1/2 pence; New York, 68 1/2 cents; Mexican dollars, 52 1/2 to 53.

Gold to Spain.—Coin to the amount of \$100,000 was withdrawn yesterday from the Sub-Treasury for shipment to Spain.

Gold from Canada.—Another \$5,000,000 consignment of British gold arrived from Ottawa yesterday, making \$90,000,000 so far this month and \$475,000,000 since the first of the year. The metal was deposited to the account of the New York Federal Reserve Bank.

Money in Venezuela.—Interest rates in Venezuela are declining, according to the American consular office at La Guayra. On October 1 the Bank of Venezuela announced that in the future the rate on thirty, sixty and ninety day secured commercial paper would be 8 per cent a year. The bank's rate was reduced from 12 per cent to 9 per cent in 1915.

That money is comparatively easy in Venezuela is indicated by the prevailing rate of exchange. The actual par of the American dollar in Venezuelan currency is 5.18 bolivars; by local law the gold dollar is worth 5.20 bolivars, and at the present moment actual gold coin is worth a premium of one-half of 1 per cent, or 5.226 bolivars, for the dollar, but the banks' selling rate for sight drafts on New York is only 5.16.

## The Dollar in Foreign Exchange

The decline in Italian exchange carried further yesterday. Pronounced weakness of lire is attributed by brokers to increased purchases in this market of late by the Italian government. Russian rubles are also declining, and yesterday went to 80.50, compared with 81 on Monday. Vienna exchange was also under pressure and dropped to a new low.

	Yesterday	Week ago
Sterling, demand	4.75 1/2	4.75 1/2
Sterling, sixty days	4.71 1/2	4.71 1/2
Sterling, cables	4.76 1/2	4.76 1/2
Sterling, ninety days	4.69 1/2	4.69 1/2
France, demand	5.84 1/2	5.84 1/2
France, cables	5.83 1/2	5.83 1/2
Guillemers, checks	41	41
Guillemers, cables	40 1/2	41
Reichsmarks, checks	70 1/2	70 1/2
Reichsmarks, cables	70 1/2	70 1/2
Liège, checks	6.72	6.53
Liège, cables	6.71	6.52
Swiss, checks	5.25	5.26
Swiss, cables	5.24	5.25
Austrian kronen, ch's	11.90	11.97
Stockholm, kr., ch's	28.45	28.40
Copenhagen, kr., ch's	27.30	27.25
Pecetas, checks	20.30	20.20
Rubles, checks	30.50	31.30

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

	Current value	Intrinsic value
Pounds, sterling	\$4.75 1/2	\$4.86 1/2
France	0.17 1/4	0.19 3/4
Guillemers	0.41	0.40 1/2
Marks	0.17 1/2	0.23 1/2
Rubles	0.30 50	0.51 2
Lire	0.15 2	0.19 3
Crowns (Denmark)	0.27 30	0.26 8
Crowns (Sweden)	0.28 45	0.28 8

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling for \$4.75 1/2; the intrinsic value is \$4.86 1/2 per pound. Thus, you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

It is officially estimated that the area sown in Argentina for the next harvest is 16,082,000 acres of wheat, 3,206,000 acres of flax and 2,524,000 acres of oats.

## \$25,000,000 GOLD RAISED IN FRANCE

New Loan Closes, Results To Be Known This Week

By YVES GUYOT

Paris, Oct. 31.—The new French loan closed yesterday, but the definite results will not be known before the end of the week. I have nothing to add to the indications given in my last dispatch.

The Bank of France has received more than 100,000,000 francs in gold in connection with this loan, and since the beginning of the war more than 1,850,000,000 francs. The Senate has approved the bill passed regarding the price of eggs, while the Chamber has passed the bill offering a premium of 62 cents per quintal for wheat harvested in 1917, and a premium of \$5 for every additional hectare put under wheat cultivation during the next year. This will put farmers in a quandary as in order to collect premiums they will have to let the proprietors know the exact amount of the wheat crop.

Government monopolization of what were formerly private enterprises is spreading rapidly. We already have monopolies of industries, alcohol and grain importation, and now there is talk of a petrol monopoly.

## German Potash Shipments

Berlin, Oct. 31 (by wireless to Sayville, N. Y.).—At a meeting of the stockholders of the Potash Syndicate President Kemper stated that the shipments of prussiate of potash during the first nine months of 1916 surpassed by 230,000 tons, or 43,000,000 marks, those of the preceding year. The total shipments for this year are calculated to reach 900,000 tons, with a valuation of 160,000,000 marks.

Shipments in 1915, which included great amounts for exportation, totaled 1,100,000 tons. During the first nine months of this year German farmers were provided with 1,760,000 tons of kainite hardball and 870,000 tons of potash fertilizing salts.

## Relevant Information

American Writing Paper.—The preferred rose 2 points, to 49 1/2, yesterday on a turnover of 22,000 shares. There is \$12,500,000 of 7 per cent cumulative preferred outstanding and listed on the exchange. The \$9,500,000 of common is unlisted. The company has 103 per cent in back dividends on the preferred. The last disbursement was 1 per cent, in 1913, and the highest rate ever paid in any one year since organization was 2 per cent. In the best fiscal year the company ever had it was not able to produce quite 4 per cent on its preferred. Lately, however, the demand for paper and the consequent rise in prices have helped this concern in common with the other paper producing companies. It was stated in August that earnings had been accumulated sufficiently to improve the financial position of the company and help to solve the problem of meeting the maturity of the \$12,500,000 of first mortgage in 1919. A bondholders' protective committee was appointed in 1915 and there is also a stockholders' committee.

Distribution of Profits.—A number of important industrial corporations declared extra dividends yesterday. The United States Steel Corporation led the list with an extra of 1 per cent on the \$508,302,000 common. The O'Bannon Corporation, manufacturers of artificial leather, announced an extra of 25 a share, in addition to the regular quarterly disbursement. An extra of 3 of 1 per cent was declared by the United States Steamship Company, while the Champion Copper Company will pay a dividend of \$6.40 a share on November 18.

## Significant Relations

	Now	A year ago
Stock of money gold in the country	\$2,700,141,473	\$2,056,732,138
Loans of all national banks	\$7,679,000,000	\$6,659,971,000
Ratio of their cash to deposits	9.3%	11.9%
Loans of Federal Reserve Banks	\$107,216,000	\$44,067,000
Their liability for notes, net	11,966,000	13,981,000
Their gold reserve against deposits and circulation	71.0%	77.3%

	Yesterday	The day before	A year ago
Average price of 15 railroad stocks	125.37	123.15	119.82
Average price of 12 industrial stocks	103.03	104.39	96.74

Food cost of living (Annalist index number)

	Last week	The week before	A year ago
1916	1915	189.82	140.83

Production: Unfilled U. S. steel orders, tons

	September	August	A year ago
9,522,584	9,860,357	8,517,618	

Wheat crop, bushels  
Corn crop, bushels  
Cotton crop, bales

## RUSSIA AUTHORIZES 3 BILLION RUBLE LOAN

London, Oct. 31.—A Russian imperial ukase authorizes the issue of a short term loan of 3,000,000,000 rubles, says a Reuter dispatch from Petrograd. The loan will be at the rate of 8 1/2 per cent, repayable in ten years.

## PERE MARQUETTE NEEDS \$16,000,000 NEW MONEY

Reorganization Plan Approved by Protective Committees

A plan of reorganization of the Pere Marquette Railroad, approved by the three protective committees, provides for the sale of the property under foreclosure. The new company will have an authorized issue of \$75,000,000 first mortgage bonds, \$11,200,000 5 per cent cumulative preferred stock, \$12,429,000 5 per cent preferred stock, cumulative after January 1, 1919, and \$45,046,000 common stock.

All three classes of stock will be held for five years by a voting trust consisting of James S. Alexander, Francis R. Hart, Frederick Strauss, Eugene V. R. Thayer, Robert Winsor and Beekman Winthrop.

The estimated cash requirements under the plan are \$16,000,000, to provide for which a syndicate consisting of J. & W. Seligman & Co., Robert Winthrop & Co., and Kidder, Peabody & Co. will purchase \$6,000,000 first mortgage 5 per cent bonds, \$11,200,000 prior preference stock certificates and \$25,675,400 common stock trust certificates. For these securities the syndicate will pay \$16,000,000 and accrued interest and will receive a commission of 5 per cent on the obligation. The Guaranty Trust Company will form a loan syndicate to advance to the purchasing syndicate funds up to 80 per cent of the par amount of the prior preference stock and common stock not subscribed for by security holders.

J. & W. Seligman & Co., Robert Winthrop & Co. and Eugene V. R. Thayer, as reorganization managers, will receive as compensation for their work three-quarters of 1 per cent on the aggregate principal amount of the new bonds to be issued and one-half of 1 per cent upon the aggregate par value of the three classes of new stock.

## Frisco Receivership Ends

St. Louis, Oct. 31.—Mortgages for \$400,000,000 were filed by the St. Louis-San Francisco Railway Company today at Clayton, Mo., seat of St. Louis County.

One mortgage of \$250,000,000 is a prior lien in favor of the Central Trust Company of New York and Daniel K. Cattlin, of St. Louis, trustee. An adjustment mortgage of \$75,000,000 is in favor of the Bankers' Trust Company and Edward F. Swinney, trustees, and an income mortgage of \$75,000,000 is in favor of the Union Trust Company of New York and Jay Herndon Smith, trustees.

The mortgages were given as the final step in the Frisco reorganization. The receivership ended to-night, and beginning Wednesday morning the reorganized company will operate the properties.

## Imports of South America

The share which the United States is now supplying of the imports of South America is more than double that before the war. O. P. Austin, statistician, stated in an address on South America delivered last evening at Public School Building 132. Our exports to South America, he said, are increasing much more rapidly than the total imports of that continent. They have increased from 15 per cent in 1913, the year preceding the war, to about 33 per cent at the present time. South American countries are likely to import \$600,000,000 worth of goods in 1916, \$250,000,000 of which will have been purchased in this country.

Canada produces annually about \$2,000,000,000 worth of maple products. Of the total yield during the five years 1908-12 the United States took 99 per cent of the sugar and 50 per cent of the syrup. In that period the aggregate export was 8,885,000 pounds of sugar and 20,000 gallons of syrup, with the province of Quebec the chief producer.

## RECORD EARNINGS FOR U. S. STEEL

Extra Dividend of 1 Per Cent Declared on Common Stock

Net earnings of the United States Steel Corporation for the quarter ended September 30 established a new high record. They amounted to \$85,817,067, compared with \$81,125,048 for the June quarter, the previous high water mark. The surplus for the quarter was nearly \$52,000,000.

The directors of the company at their regular quarterly meeting yesterday declared an extra dividend of 1 per cent on the common stock in addition to the regular disbursement of 1 1/4 per cent. The extra payment was the same as declared from the earnings of the second quarter. Stockholders will therefore receive in dividends from the revenues of the September quarter a total of \$17,741,735, of which \$6,304,919 will go to the preferred stock holders and \$11,436,816 to the common stock holders. No dividends were paid on the common a year ago.

During the first nine months of the current calendar year the Steel Corporation has earned a surplus after payment of preferred dividends of \$161,905,550, an increase of \$140,990,525 over the corresponding period of 1915, or at an annual rate of 42.49 per cent on the \$508,302,000 common stock outstanding. The actual percentage earned on the junior shares for the nine months was 31.87 per cent. Earnings for the September quarter were at an annual rate of 50 per cent.

Net earnings for the September quarter were on an ascending scale. For July they amounted to \$25,650,000; for August, \$29,746,903, and for September, \$30,420,158. Sinking fund depreciation charges were \$8,867,392, contrasted with \$8,071,848 for the June quarter.

While the United States Steel Corporation has made it a policy to accept no war orders as such, nevertheless it owes its present great prosperity largely to the unheralded demand for its products resulting from the conflict abroad. The war broke out in the summer of 1914, but Europe did not begin to get its steel from this country until almost a year later. The Steel Corporation reported for the fourth quarter of 1914 the poorest earnings of its history. The following table, which gives the quarterly earnings since the outbreak of the war, shows that no material gain was registered until the second quarter of 1915:

	1915	1916	1914
1st quarter	\$60,713,624	\$125,809	\$125,809
2d quarter	\$112,048	\$27,850,955	
3d quarter	\$85,817,067	\$87,106,423	\$22,276,002
4th quarter		\$1,277,504	\$10,395,633

Below is summarized the income account of the September quarter, with the changes compared with corresponding quarter of 1915. Figures for the nine months are also given:

	1916	1915	1914
Net earnings	\$85,817,067	\$47,106,423	\$22,276,002
Sinking fund and depreciation	10,614,659	3,886,625	
Balance	\$75,202,408	\$43,519,798	

Int. and sink. fund  
United States Steel bonds

	1916	1915	1914
Balance	\$69,601,175	\$45,259,015	
Preferred dividends	6,304,919	Unchanged	
Balance	\$63,296,256	\$45,259,015	

Common dividends

United States Steel		
bonds .....	18,616,636	*3,382,254
Balance .....	\$180,820,307	\$140,990,521
Preferred dividends..	18,914,757	Unchanged
Balance .....	\$161,905,550	\$140,990,521
Common dividends..	29,217,393	29,217,393